

CHAPTER 89

CHILD CARE ASSISTANCE ELIGIBILITY REQUIREMENTS AND CHILD CARE PROVIDER REIMBURSEMENT RATES

H.F. 707

AN ACT relating to state child care assistance eligibility requirements and child care provider reimbursement rates.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. [Section 237A.1](#), Code 2023, is amended by adding the following new subsection:

NEW SUBSECTION. 7A. “Children needing special needs care” or “special needs child” means a child or children with one or more of the following conditions:

a. The child has been diagnosed by a physician or by a person endorsed for service as a school psychologist by the department of education to have a developmental disability which substantially limits one or more major life activities, and the child requires professional treatment, assistance in self-care, or the purchase of special adaptive equipment.

b. The child has been determined by a qualified intellectual disability professional to have a condition which impairs the child’s intellectual and social functioning.

c. The child has been diagnosed by a mental health professional to have a behavioral or emotional disorder characterized by situationally inappropriate behavior which deviates substantially from behavior appropriate to the child’s age, or which significantly interferes with the child’s intellectual, social, or personal development.

Sec. 2. [Section 237A.13, subsection 1](#), paragraph c, Code 2023, is amended to read as follows:

c. The child’s parent, guardian, or custodian is employed ~~and the family income meets income requirements~~ a minimum of thirty-two hours per week or an average of thirty-two hours per week during the month if the child requires basic care, or twenty-eight hours per week or an average of twenty-eight hours per week during the month if the child is a special needs child.

Sec. 3. [Section 237A.13](#), Code 2023, is amended by adding the following new subsection:

NEW SUBSECTION. 1A. A family shall only be initially eligible for state child care assistance if the family’s gross monthly income does not exceed the lesser of:

a. (1) One hundred sixty percent of the federal poverty level applicable to the family size for children needing basic care.

(2) Two hundred percent of the federal poverty level applicable to the family size for children needing special needs care.

b. Eighty-five percent of the state median gross monthly income.

Sec. 4. [Section 237A.13, subsection 3](#), Code 2023, is amended to read as follows:

3. a. The department shall set reimbursement rates as authorized by appropriations enacted for payment of the reimbursements. The department shall conduct a statewide reimbursement rate survey to compile information on each county and the survey shall be conducted at least every two years. The department shall set rates in a manner so as to provide incentives for an unregistered provider to become registered.

b. The department shall not modify reimbursement rates to the state child care assistance program or financial eligibility requirements for a family participating in the state child care assistance program without prior enabling legislation in this state passed on or after January 1, 2023.

Sec. 5. [Section 237A.13, subsection 8](#), paragraphs a and c, Code 2023, are amended to read as follows:

a. Families with an income at or below one hundred percent of the federal poverty level whose members, for at least ~~twenty-eight~~ thirty-two hours per week in the aggregate, are employed or are participating at a satisfactory level in an approved training program or

educational program, and parents with a family income at or below one hundred percent of the federal poverty level who are under the age of twenty-one years and are participating in an educational program leading to a high school diploma or the equivalent.

c. Families with an income of more than one hundred percent but not more than one hundred ~~forty-five~~ sixty percent of the federal poverty level whose members, for at least ~~twenty-eight~~ thirty-two hours per week in the aggregate, are employed or are participating at a satisfactory level in an approved training program or educational program.

Sec. 6. DEPARTMENT OF HEALTH AND HUMAN SERVICES — INCREASED STATE CHILD CARE ASSISTANCE REIMBURSEMENT RATES. The department of health and human services shall amend its administrative rules pursuant to [chapter 17A](#) to increase the half-day reimbursement rates paid to child care providers reimbursed under the state child care assistance program to at least the sixty-fifth percentile but no more than the eightieth percentile of the 2020 market rate survey.

Approved May 18, 2023